

to be hard or hardening when the demand for advances increases and the rate of interest accordingly tends to rise. Prices *harden* when they remain steady and show a tendency to increase.

Liquid assets consist of securities which can promptly be converted into cash by ready sale. They resemble metaphorically a liquid in its ease of flow, that is, in their instant passage into money. A bank's liquid assets comprise cash in the bank's till; its balance with the Bank of England; money lent which can be called in immediately or at short notice; and investments such as Consols, securities guaranteed by the British Government, and other investments which are equally quick of realisation.

Cumulative Preference Stocks are those where, if any deficiency occur in the payment of the full rate of interest, which the stock bears, in any half-year, the deficiency must be satisfied in subsequent half-years before any stocks and shares ranking lower in security become entitled to any payment.

The only other agency in the money market which requires notice is the business of Bill¹ Brokers and Discount Houses. A Bill of Exchange, it has been explained, is an order on paper to pay a certain sum of money at a specified date—the drawer of the order being the seller of goods—the person on whom the order is made being their purchaser, and the document being based on valuable consideration in the form of the commodities which the former has delivered and the latter bought.

The great mass of these bills are discounted, not by the banks, but by a specialised class of intermediaries acting between the banks and the merchants who draw and accept the bills. The bill is, perhaps, an order to discharge the debt to the person by whom it has been drawn or to whomever he may convey his rights, on the expiration of two or three months. But the holder requires immediate money for the

¹ Bill: from the Low Latin *billa*, a writing—*-liUn* being a corruption of the classical Latin *bullā*, which meant a knob or boar. Whence in medieval Latin "*bullet*", denoted a

seal, and particularly the seal appended to a document as attesting its authenticity ; then by transference -the term was applied to the document itself; a further extension embraced any official or formal writing, though without a seal.